

The Impact of Delays in Chinese Approvals of Biotech Crops

Methodology Summary

CropLife International (CLI) commissioned Informa's Agribusiness Consulting Group (Informa) to conduct an analysis of the impacts of delays in Chinese approvals of biotech crops. Informa's analysis was conducted in two phases. The first phase focused on biotech events approved by China over the last six years, while the second phase addressed conditions over the next 3-5 years. The methodology used for the study consisted of three steps:

- Literature Review: Information was obtained from publicly available literature and from databases available to Informa regarding:
 - The timelines of biotech “event” approvals that have occurred in China and other key crop-importing countries;
 - Market penetration rates for varieties containing approved events that have been commercialized in the US, Argentina, Brazil, Australia and Canada, along with information upon which to base assumptions for other events for which application has likely been made for Chinese approval or is expected to be made in the future; and
 - The yield or other benefits to farmers from planting varieties containing the events.
- Agricultural Market Impact Analysis:
 - Phase I: Informa built an analytic scenario reflecting how crop supply/demand balances and prices would have been expected to develop over the last six years if Chinese approvals had been granted in a timely manner (i.e., consistent with a functional regulatory system). This counterfactual scenario was compared to market conditions that actually did occur over the period to estimate impacts on agricultural markets.
 - Phase II: Informa developed baseline forecasts of crop supply/demand balances and prices. Informa then built a scenario reflecting how conditions would be expected to develop if Chinese approvals were granted in a timely manner. The alternative scenario was compared to the baseline outlook in order to estimate future impacts.
- Economic Impact Analysis: For both phases, input-output modeling was utilized to estimate the “ripple effects” that the agricultural market impacts of Chinese regulatory delays would have on the broader economies of key crop producing/exporting countries.